

SENATE

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Exhibit No.

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Date

11 JAN 07

Bill No.

Senate Bill 174

SB 174

**Comparison of Senate Bill 174 and Current Law
Penalty and Interest Comparison**

SENATE TAXATION

EXHIBIT NO.

5

DATE 1-11-07

FILL NO

SB-174

Failure to File Penalty	Failure to Pay Penalty	Understatement Penalty	Additional Penalties	Interest
Late filing penalty of \$50 or the amount of tax due whichever is less	a. 1% for each month or part of month until paid with a 10% maximum b. Trust taxes are assessed at 1.5% for each month or part of a month with a 15% maximum	1. The penalty for substantially understating the tax liability is 20% of the of the underpayment. 2. The understatement penalty for fraud is 75% of the underpayment.	1. Inaccurate report penalty of \$50 is assessed for each incidence of inaccuracy. 2. A person who files a fraudulent return is subject to a penalty of the greater of \$1,000 or 15% of the tax due per month with a maximum of 75% of the tax liability. 3. Felony penalties may also apply.	1. Interest on Individual Income Taxes is determined annually based on U.S. Department of Treasury statistics. The current rate is 8%. The interest rate for all other taxes is 12%.
Late filing penalty of \$50 or the amount of tax due whichever is less	a. 1.2% for each month or part of month until paid with a 12% maximum b. Trust taxes are assessed at 1.5% for each month or part of a month with a 15% maximum			1. Interest on Individual Income Taxes is determined annually based on U.S. Department of Treasury statistics. The current rate is 8%. The interest rate for all other taxes is 12%.
Late filing penalty of \$50 or the amount of tax due whichever is less	1.5% for each month or part of month until paid with a 18% maximum			The interest rate for all taxes is 12%.
4.5% for each month or part of a month up to 5 months (22.5% maximum). If over 60 days the late filing minimum is the smaller of \$100 or 100% of the tax liability	a. 1/2 % for each month or part of month until paid with a 25% maximum b. 1% if not paid 10 days after notice of intent to levy c. 1/4% for any month with a payment plan	1. The penalty for substantially understating the tax liability is 20% of the of the underpayment. 2. The understatement penalty for fraud is 75% of the underpayment.	1. If failure to file is due to fraud the penalty is 15% per month up to 75% 2. frivolous returns are subject to \$500 penalty	The IRS rate is subject to change quarterly. The current rate is 8%

15-1-216 MCA

15-1-216 MCA Prior to
January 1, 2007

Internal Revenue Service